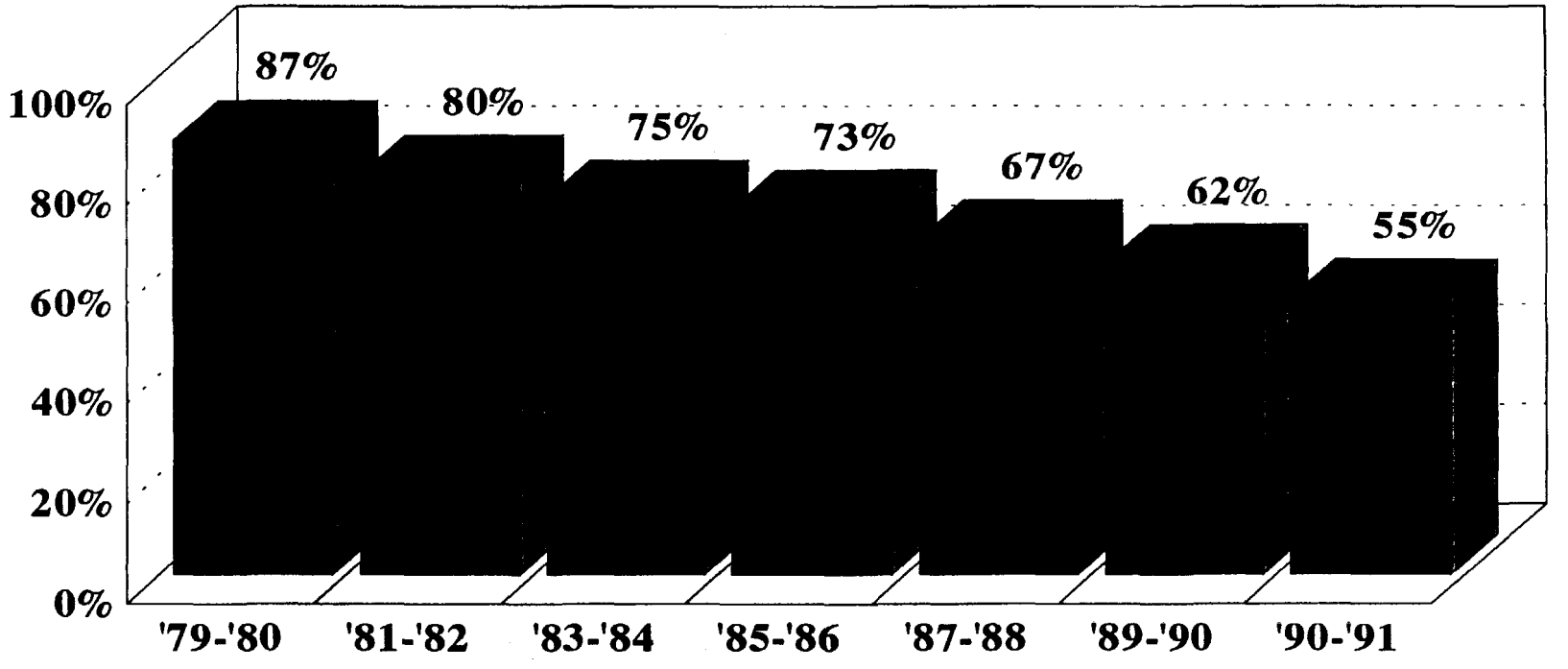
THREE NETWORK SHARE OF PRIME TIME AUDIENCE



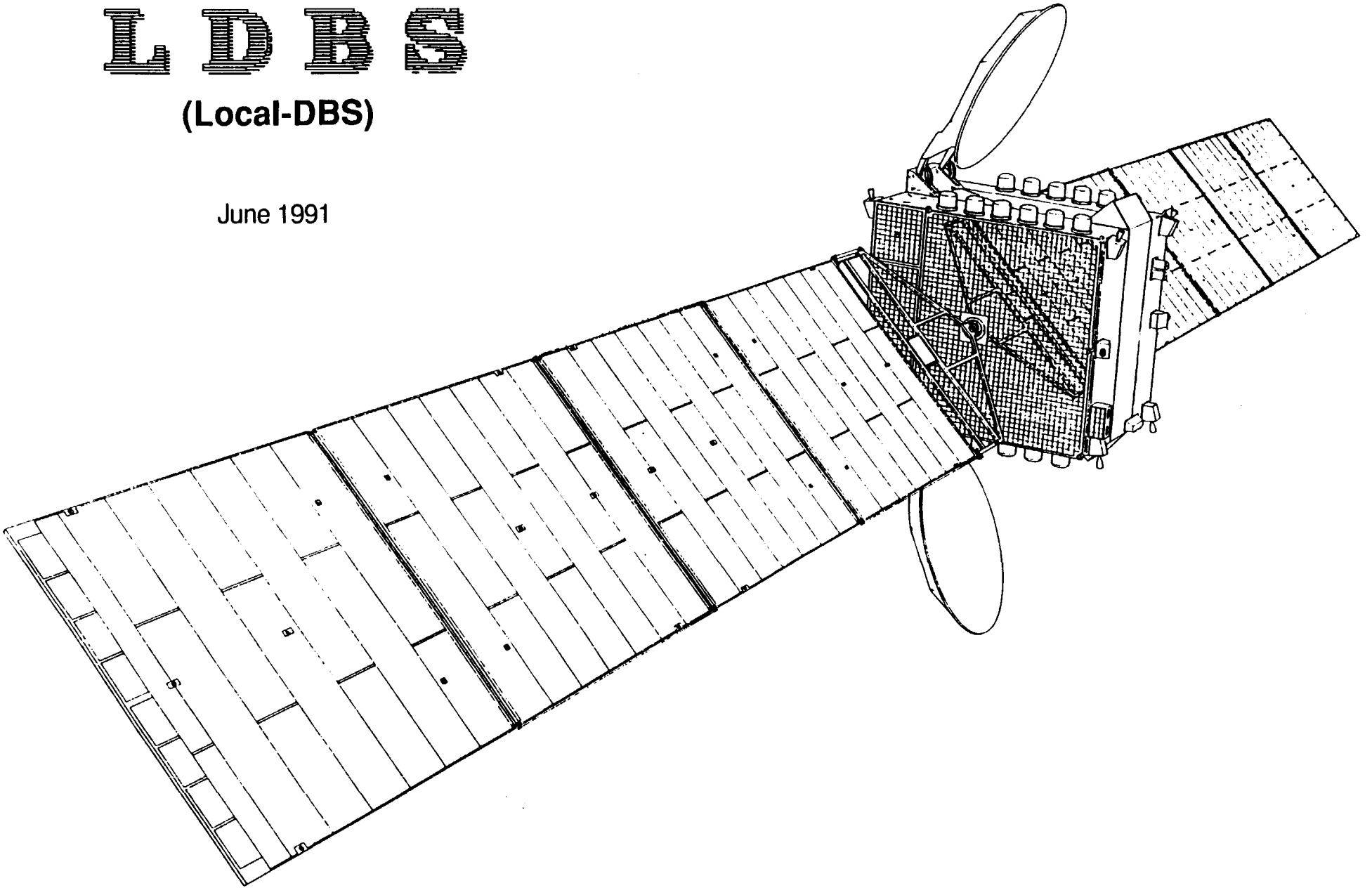
Source: CAB, NBC

slide by: LOCAL-DBS, INC.

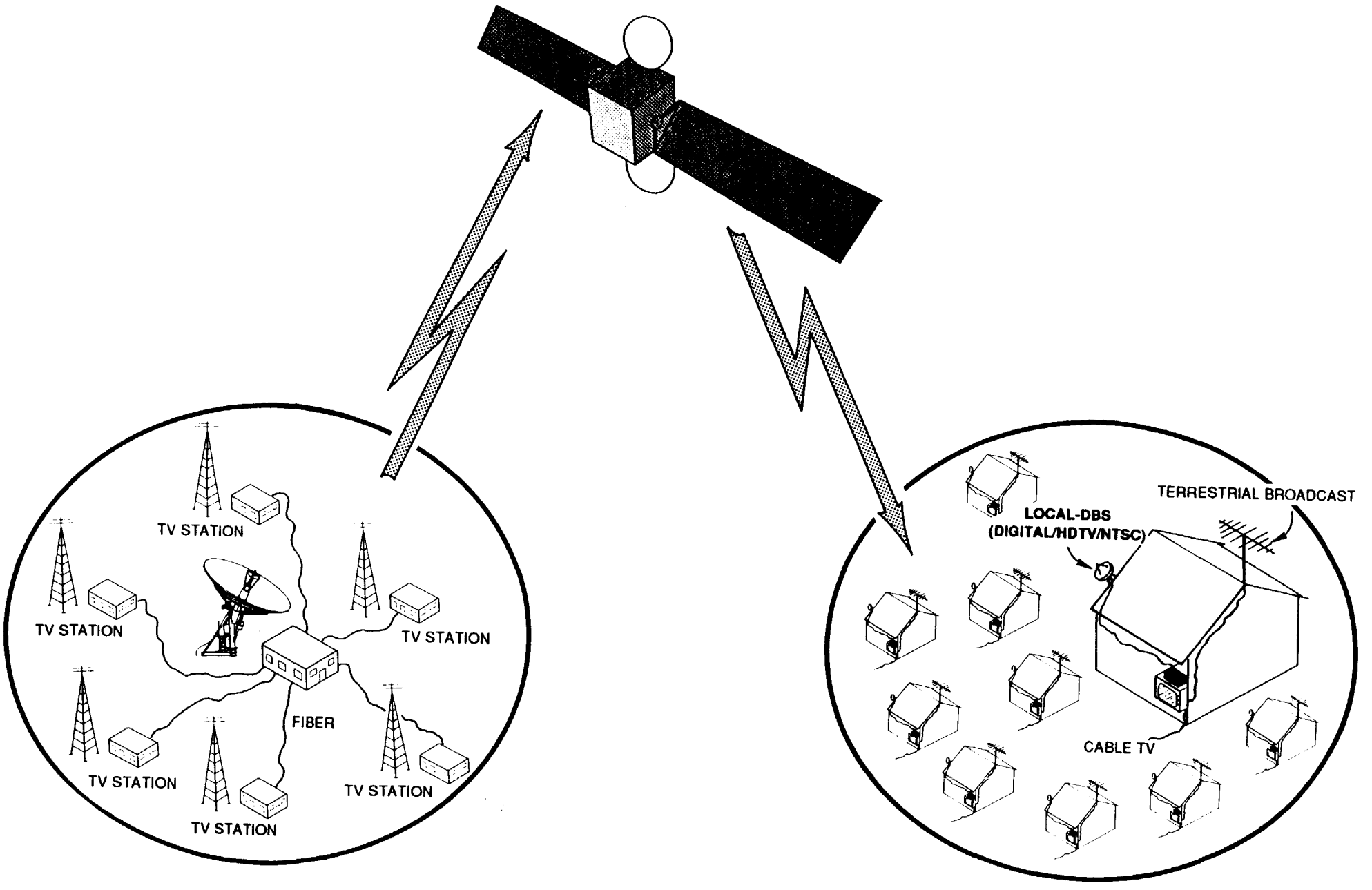
LDBS

(Local-DBS)

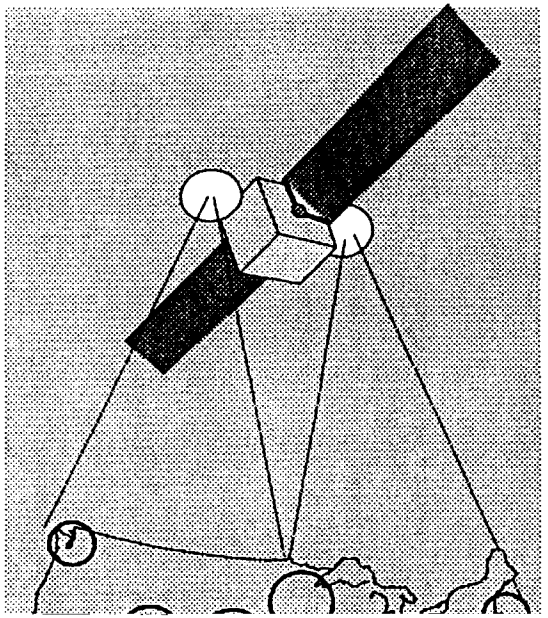
June 1991



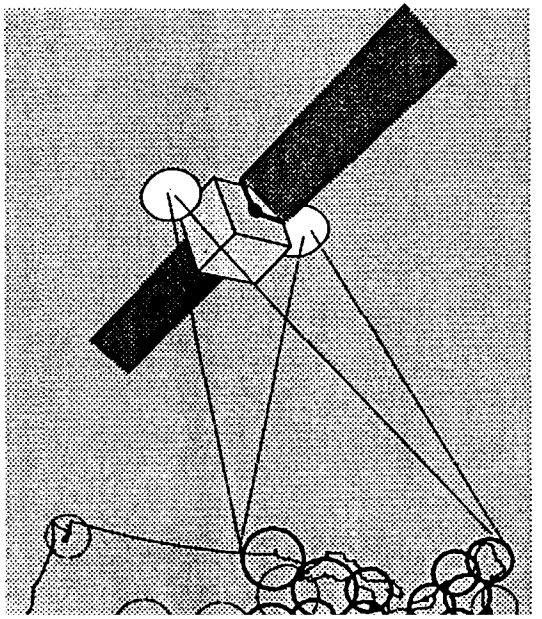
SPACE SYSTEMS/LORAL


TV STATION
TV STATION
TV STATION
FIBER
TV STATION
TV STATION
TV STATION
TERRESTRIAL BROADCAST
LOCAL-DBS
(DIGITAL/HDTV/NTSC)
CABLE TV

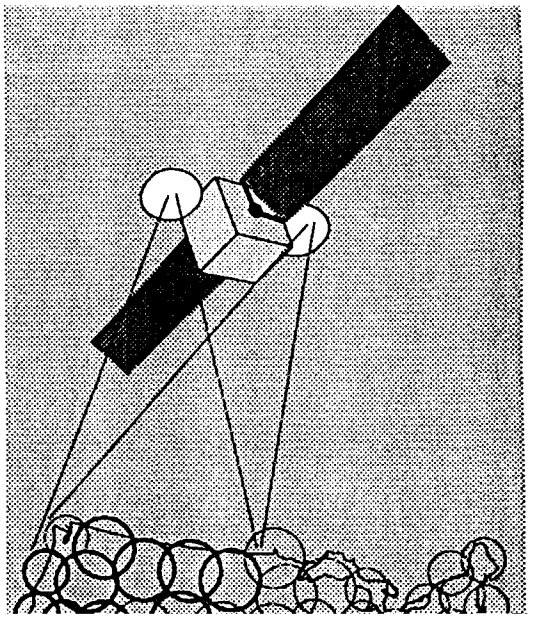
SATELLITE I



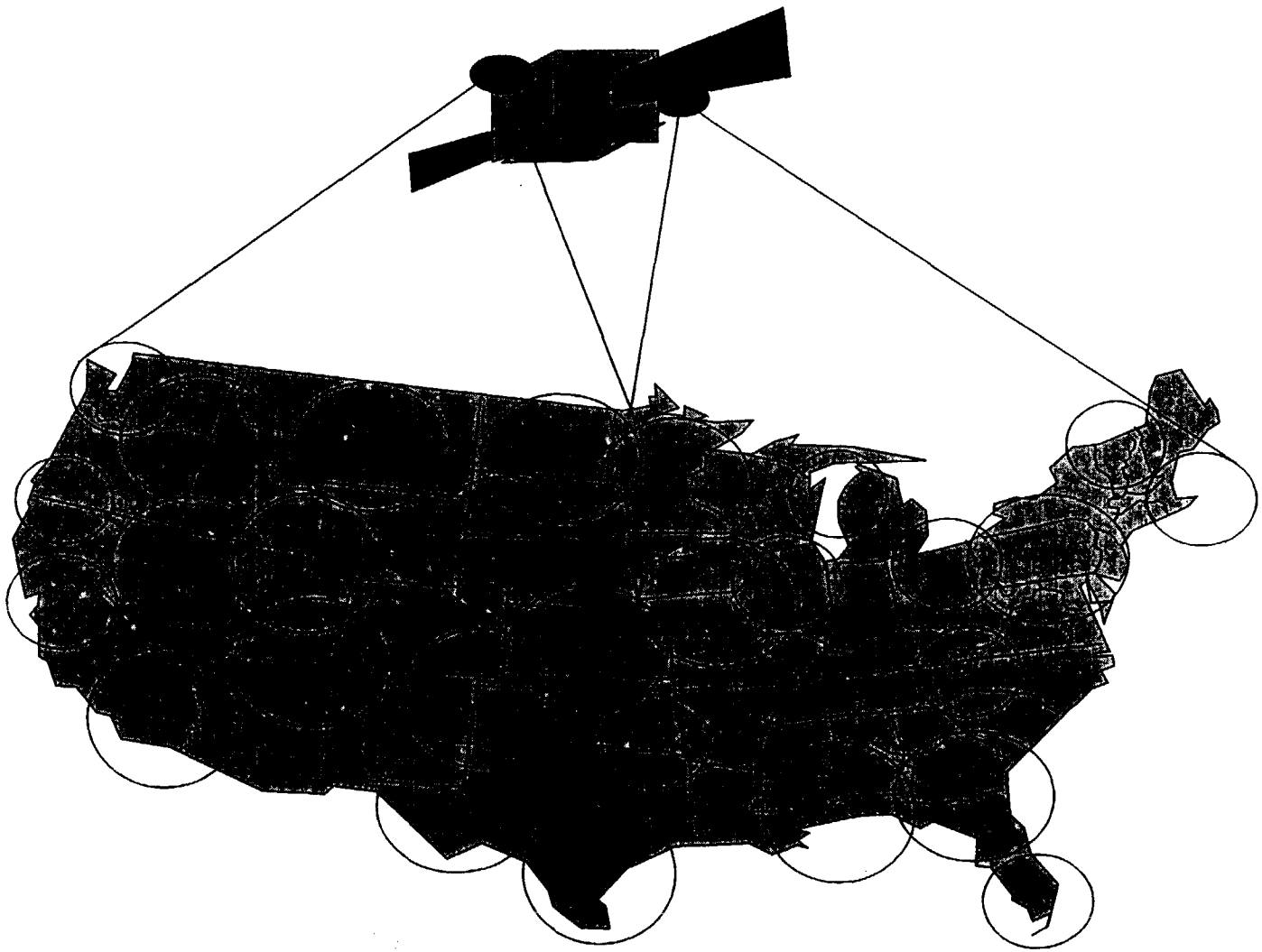
SATELLITE II



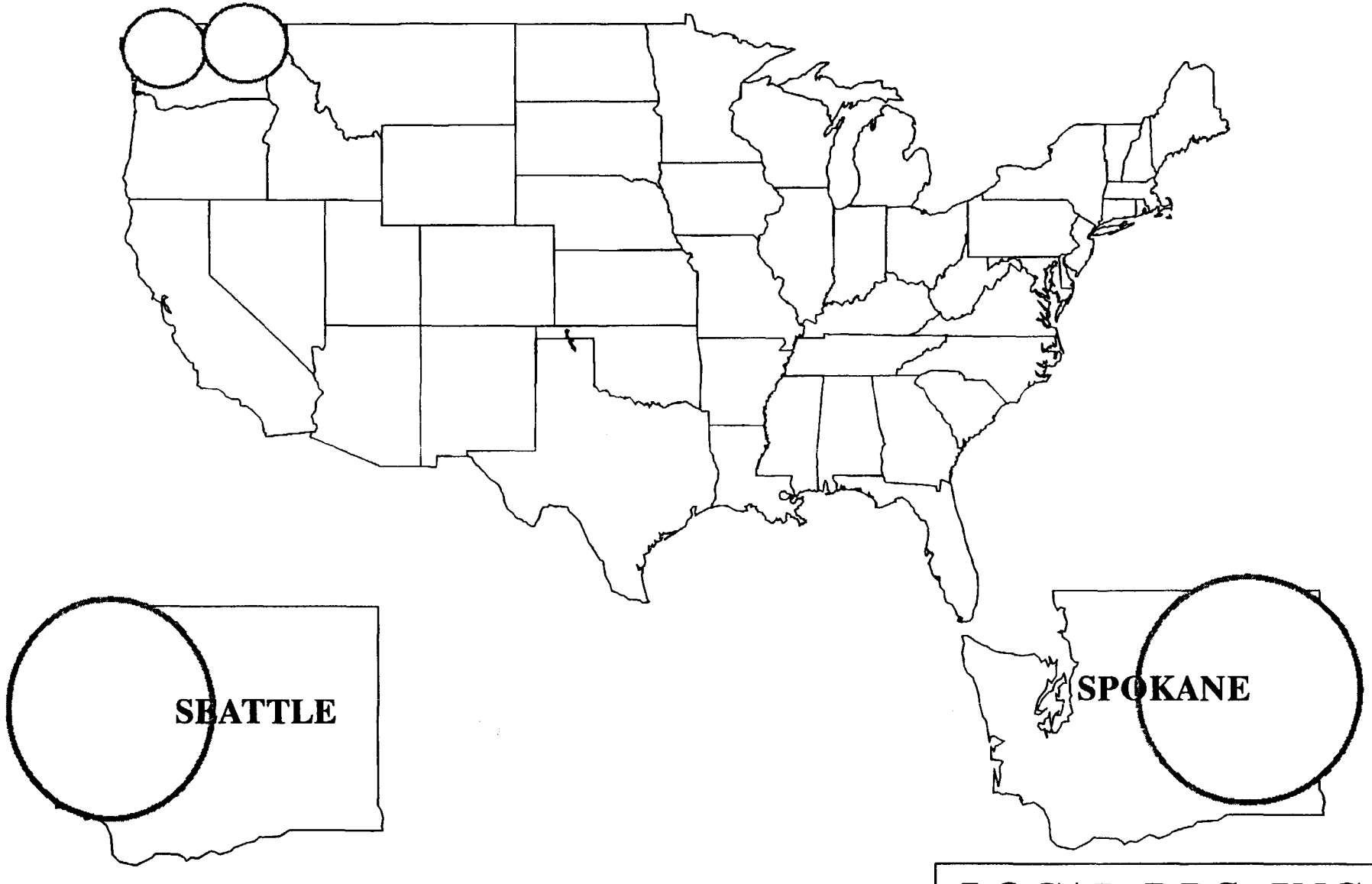
SATELLITE III



FREQUENCY UTILIZATION & SATELLITE COVERAGE



4 to 16 FREQUENCIES per BEAM
4 to 48 LOCAL TV per BEAM



LOCAL-DBS, INC.

PUTTING HDTV ON A FAST TRACK WITH LOCAL-DBS

THIS MANAGED HDTV CONVERSION PLAN ENABLES TIMELY DELIVERY OF HDTV BY NETWORKS---O&Os---AFFILIATES

(Would work the same for PBS and Independent stations.)

LOCAL-DBS, INC.

(general assumption)

1995

CONSUMERS BEGIN TO BUY ONE MILLION OR MORE HDTV SETS PER YEAR
&
NETWORK HDTV FEEDS BEGIN

LOCAL-DBS, INC.

NETWORKS CREATE HDTV FEEDS

(Phases I & II)

1995 NETWORKS TRANSMIT HDTV DBS CHANNELS
(Repeat programming for west coast until hours of HDTV justify second feed.)

1996 N.Y.C. STATIONS TRANSMIT HDTV ON DBS CHANNELS AND TERRESTRIALLY

LOCAL-DBS, INC.

NETWORK FEEDS
(Phases III & IV)

1997 SEPARATE WEST COAST HDTV FEEDS BEGIN

1998 LOCAL-DBS LAUNCHES FIRST SATELLITE
(Network feeds continue for stations not on LOCAL-DBS spot beam channels.)

(All dates based on LOCAL-DBS estimates of HDTV set sales.)

LOCAL-DBS, INC.

O&O or Affiliate remains "in control" as rightful distributor of Network HDTV feed

- Public perceives local station as HDTV provider
- Builds station's HDTV viewer base
- The plan's eight phases follow

LOCAL CONTROL PHASE I -- 1995

- LOCAL-DBS VIA O&Os AND AFFILIATES MANAGES DELIVERY OF NETWORK DBS FEED TO FULL-CONUS MARKET
- LOCAL-DBS MARKETS, BILLS, COLLECTS AND ELECTRONICALLY CONTROLS PAYING DBS USERS
- SUGGESTED RATE IS $2.00 P/HM/CH/M

(Revenue from each DBS user is credited to local affiliate.)

LOCAL-DBS, INC.

LOCAL CONTROL PHASE II -- 1996

- **LOCAL STATION INSERTS COMMERCIALS & PASSES NETWORK DOWNLINK FEED TO LOCAL CABLE SYSTEM VIA FIBER LOOP**

(Broadcaster now ready and waiting for cable to upgrade. Charges cable $1.00 per sub p/m)

LOCAL CONTROL PHASES III & IV

1996 SAME AS II, BUT DOWNLINK IS TO CABLE HEAD-ENDS NOT REACHABLE BY FIBER

STATION INSTALLS AUTOMATIC DISK SYSTEM TO INSERT ITS COMMERCIALS

1997 STATION BUYS HDTV TAPE INSERTION EQUIPMENT TO INSERT SYNDICATED PRODUCT INTO CABLE CHANNEL

LOCAL CONTROL PHASES V & VI

1998 SOME PHASE IV STATIONS PUT HDTV ON A LOCAL-DBS SPOT BEAM CHANNEL

(Local station's DBS channel replaces network feed on home and cable receivers.)

1999 SOME STATIONS BUILD TERRESTRIAL TOWERS IN LAST YEAR ALLOWED BY FCC

LOCAL CONTROL PHASES VII & VIII

2000 CONVERT IN-STUDIO PRODUCTION TO HDTV

2001 CONVERT ENG AND ALL OTHER ASPECTS TO HDTV

(The above dates are averages for major markets. Each station will proceed based on set penetration in its market. Some small market stations will not proceed beyond Phase III.)

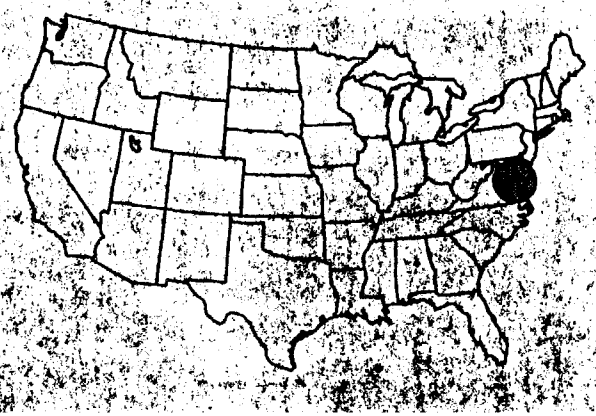
LOCAL-DBS, INC.

ATTACHMENT 5

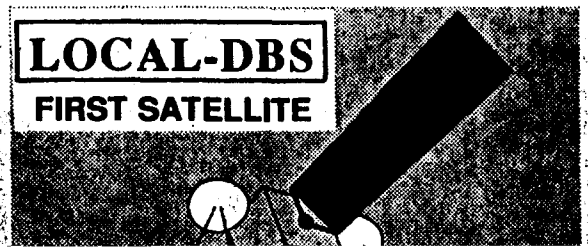
SPACE SYSTEMS/LORAL PRESENTATION MATERIAL

TO LOCAL-DBS, INC.

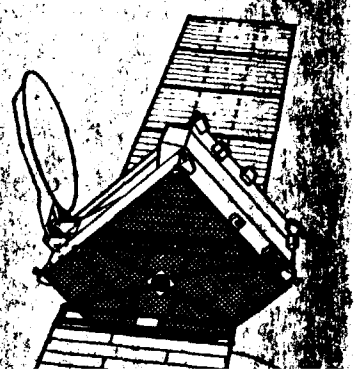
If a DBS satellite can lay down a Spot beam with both uplink and downlink within the Spot...



UNIQUE CONCEPT
HDTV TECHNOLOGY
30 Spot Beams per Satellite
3 Satellites
First Launch mid-1995



LOCAL-DBS



ATTACHMENT 6

LOCAL-DBS 1991 BUSINESS PLAN

EXECUTIVE SUMMARY

SECTION I
EXECUTIVE SUMMARY

Utilizing a unique high-power direct broadcast satellite (DBS) design, LOCAL-DBS, INC. will ultimately offer every TV broadcast station in the continental United States a LOCAL-DBS spot beam distribution channel. Satellites will combine large on-board antennas with video compression to deliver approximately 60-90 spot beams covering the United States. Each spot beam may contain 48 or more channels of present quality (NTSC) TV or 16 or more High Definition TV (the emerging FCC HDTV 6MHz standard) channels.

Four separate phases are described herein. One or more of them could be implemented simultaneously. In general, the phases are as follows:

Phase I..... does not involve a LOCAL-DBS satellite.

Phase II.... includes marketing to local television stations and the construction, launch and operation of the first LOCAL-DBS satellite, to serve selected markets across the United States.

Phase III... involves the second LOCAL-DBS satellite, to serve the remainder of the eastern one-half of the United States.

Phase IV... is the third LOCAL-DBS satellite, to serve portions of the western United States.

Pricing of channels will vary by size of markets:

Markets	Number of Markets	Total Commercial Stations	Price Per HDTV Channel (1)	Revenue (If all sell as HDTV)
1-5	5	74	$7,500,000	$555,000,000
6-10	5	53	5,000,000	265,000,000
11-20	10	91	3,500,000	318,500,000
21-40	20	144	2,500,000	360,000,000
41-60	20	131	2,000,000	262,000,000
61-209	149	557	1,000,000	557,000,000
Commercial	209	1,050		$2,317,500,000
Public---assume one station in each of the beams (currently 57) buys a HDTV channel; see financial projections for detail				172,500,000
Total Commercial and Public				$2,490,000,000

On completion of Phase IV, even after the projected sales of channel capacity (some HDTV and some NTSC) approximately 40% of the satellite capacity remains available for other services.

(1) HDTV initial price is 2 1/2 times the NTSC price.

A new corporation "LOCAL-DBS, INC." has been formed by E.L. Taylor, founder of TEMPO Enterprises. The man who put Ted Turner and the first TV broadcast station on satellite will now put every financially viable TV station in America on satellite. Mr. Taylor is interested in getting the project well funded and having major corporations with industry knowledge as investors and directors. Therefore, it is proposed that six units of 10% each will be sold to investors. Each investor will be asked to pay $2 million, primarily in the form of 5-year notes at prime rates, for its investment. A board of directors with one representative per investor will be formed.

Mr. Taylor will sign a 5-year contract for sole efforts on this project as Chairman of the Board. A President will be recruited during the first year to carry on business after the 5-year period and be transitioned to Chief Executive Officer when the board believes he is ready, probably in the third year.

Mr. Norman Weinhouse will serve as Vice President - Engineering, Mr. Selman Kremer as Vice President - Operations and Mr. Gary Burnell as VP-Chief Financial Officer. Steve Roberts will serve as Vice President - Marketing. All officers and the to be named President will have stock ownership and low starting salaries to encourage rapid growth and profitability.

The business will be developed in phases. Eventually, every local TV station will be offered the priority option to buy a HDTV or NTSC channel on the LOCAL-DBS satellite beam serving its city of license.

Phase I will not involve construction of a satellite by LOCAL-DBS, INC. Instead, Phase I will actually be left to the discretion of the national networks. If any or all of them desire to make their programming available in the digital format prior to the launch of the first LOCAL-DBS satellite, the network(s) can broadcast to consumers nationally, probably from a satellite in the Dominion orbital slot at 119 degrees west longitude or from the Hughes satellite at 101 degrees west, scheduled to be operational by July 1994. Arrangements for these national channels can be direct between the networks and the carrier or may involve LOCAL-DBS, INC. Nevertheless, no revenue from Phase I is included in this business plan.

As a way to feed their digital signals to the local broadcasters, the networks may leave the Phase I national channels in place even after one or all of the LOCAL-DBS satellites are launched. Continued utilization of the national channels would also make the networks' signals available to consumers in areas not yet served by LOCAL-DBS or in areas served by LOCAL-DBS but where one or more of the local affiliates within that area are not providing a digital signal. Additionally, the national channels could serve as protection for consumers in the event one of the LOCAL-DBS frequencies failed or if LOCAL-DBS, INC. opted not to launch Phase III and/or Phase IV.

Phase II involves the launch of the first LOCAL-DBS satellite, targeted for July 1995. It is anticipated that this 16 frequency high-power satellite, to be built by Space Systems/LORAL, will be positioned at 119 degrees west longitude. Phase II will commence, soon after investor funds are received, with the marketing of NTSC and HDTV channels on a priority basis to stations within approximately 30 LOCAL-DBS satellite spot beams distributed strategically across the continental United States. It is anticipated that each spot beam may contain 48 or more NTSC channels or 16 or more HDTV channels, or combinations thereof. The primary objective of positioning the beams is to incorporate as many of the major markets as possible. However, given the limited number of frequencies, combined with the technological restrictions on frequency reuse and proximity of signals, not all of the top stations in all of the top markets can be served by the first LOCAL-DBS satellite.

sooner rather than later. Accordingly, it is quite likely that the Phase III and Phase IV launch dates will be earlier than those shown in this plan. Similarly, if circumstances warranted, the Phase IV launch could be moved ahead of Phase III.

An estimate of costs by year (including interest on investor notes) is as follows:

Year	Major Function	Total Expenditure	Cumulative
1	Marketing	$4,140,000	$4,140,000
2	Construction & Marketing	10,460,000	14,600,000
3	Construction & Marketing	56,000,000	70,600,000
4	Construction & Marketing	145,900,000	216,500,000
5	Construction, Marketing, Launch & Operations	279,100,000	495,600,000
6	Construction, Marketing, Launch & Operations	254,200,000	749,800,000
7	Construction, Marketing, Launch & Operations	141,900,000	891,700,000
8-15	Operations	240,000,000	1,131,700,000 (1)

With approximately 50% sell out of channel capacity (part NTSC and part HDTV), revenues from sales to commercial and public television stations would be $1,570,000,000. These revenues from channel sales would exceed, by almost $440 million, the entire project costs for 15 years. Additionally, by year nine net revenue from other services would have grown to almost $70 million per year. (See Section V, Financial Projections.) The result is a very nice return on $12 million of start-up funds, the majority of which would have been returned to the investors, together with interest, by the end of the fifth year.

In summary, customer sign up through Phase II would allow a substantial profit even if Phase III and/or Phase IV are never fully sold and, therefore, one or both are not launched. The July 1994 launch of the Hughes/Hubbard DBS system should allow LOCAL-DBS, INC. to launch its first satellite, in 1995, into an existing and complementary market with proven hardware and probably two million subscribers in place and equipped for the Hughes/Hubbard service. Combined growth of LOCAL-DBS and Hughes/Hubbard should exceed three million subscribers per year, making both businesses more profitable. Joint marketing, computer control and billing services will be negotiated with Hughes and Hubbard once LOCAL-DBS, INC.'s funding is in place.

(1) Includes a contingency of almost $85 million for years one through nine.